

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 L-03 PA-03

PRS-01 USIA-12 RSR-01 /130 W
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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0113

INFO AMEMBASSY ACCRA

C O N F I D E N T I A L LONDON 3723

PASS TREASURY

E. O. 11652: XGDS

TAGS: EAID, UK. GH

SUBJECT: U. K. REACTIONS TO GHANA COUNTER PROPOSAL

1. IN CALL ON BOOTHROYD, U. K. TREASURY, ED GORDON
AND TREASURY ATTACHE ASKED FOR GENERAL U. K. REACTION
TO GHANA COUNTER PROPOSAL TO CREDITORS OF LAST OCTOBER.

2. BASIC REACTION WAS NEGATIVE BECAUSE GHANS HAS NO
CONCESSION ON ANY MAJOR POINT. U. K. THOUGHT BEST
WAY TO PROCEED WAS TO HAVE A MEETING OF CREDITORS AND
GHANA TO CONSIDER BOTH PROPOSALS TO FORESTALL A LONG
DRAWN OUT EXCHANGE OF LETTERS. THEY RELUCTANTLY HAD
COME TO THE CONCLUSION THAT IBRD WAS PROBABLY ONLY
SUITABLE CHAIRMAN, ALTHOUGH THEY HAD APPARENTLY CON-
SIDERED OTHER " NEUTRAL COUNTRIES" AS POSSIBILITIES.
AT THE SAME TIME, DONORS WOULD PROBABLY HAVE TO
CONSIDER WHAT AID THEY COULD MAKE AVAILABLE TO BE
PLEDGED ON A CONDITIONAL BASIS.

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3. WITH REGARD TO THE REPUDIATED DEBTS, TOTALLING SOME 22 MILLION POUNDS, U. K. WAS NOT CERTAIN WHETHER REFERENCE TO "ADJUDICATION" REFERRED TO REPUDICATED DEBTS OR ONLY TO OTHER OBLIGATIONS, AS IT HAD IN THE ORIGINAL GHANA DECLARATION. THEY INTENDED TO ASK CHAUFOURNIER TO CLARIFY THIS AT THE SAME TIME THEY GAVE HIM THEIR COMMENTS LATER TODAY.

4. WITH RESPECT TO NEW AID, ASSISTANCE HAD BEEN ALLOCATED AT APPROXIMATELY THE SAME LEVEL AS IN THE PAST PENDING RESOLUTION OF THE DEBT ISSUE. BOOTHROYD REMARKED THAT SHE COULD NOT SEE ANY NEW AID IF THERE WERE REPUDIATION OF DEBT.

5. IN RESPONSE TO BOOTHROYD'S QUESTION ON THE U. S. POSITION, IT WAS POINTED OUT THAT WE WERE WAITING FOR THE RESULTS OF CHAUFOURNIER'S VISIT BEFORE TAKING A DEFINITE VIEW. AT THIS POINT, IT COULD BE SAID THAT THE COUNTER PROPOSAL LEFT MUCH TO BE DESIRED AND THAT WE WOULD NOT LIKE TO SEE THE END RESULT OF MUCH BEYOND THE CREDITORS' OFFER. SUGGESTED THAT THE HARDEST POINTS OF NEGOTIATION WOULD BE GRACE PERIOD, A THEME WHICH ANTEDATES NRC, AND MORATORIUM RATE OF INTEREST. CAUTIONED U. K. NOT TO TAKE LETTER COMPLETELY AT FACE VALUE IN VIEW COL. ENNINGFUL'S REMARK TO NEWSOM THAT THERE WAS A NEED IN GHANA FOR WRITTEN COMMUNICATIONS NOT TO OBVIOUSLY DEVIATE FROM THE FEBRUARY 5 DECLARATION.

6. U. K. TREASURY OFFICIALS AGREED THAT GRACE PERIOD AND MORATORIUM INTEREST WOULD BE THE KEY POINTS, STATING THAT THE COMBINATION OF THE TWO WOULD MEAN, ON GHANA'S TERMS, THAT NOTHING AT ALL WOULD BE PAID FOR FIRST TEN YEARS.

7. COMMENT: IT IS PLAIN THAT THERE IS VERY CONSIDERABLE PESSIMISM IN U. K. TREASURY ABOUT POSSIBLE OUTCOME AND NO DISPOSITION TO MAKE COUNTER OFFERS TO GHANA AT THIS POINT. THEY WOULD LIKE TO GET DOWN TO SOME HARD AND DIRECT BARGAINING SOON AT WHICH THEY WOULD NOT WANT TO MAKE MAJOR CONCESSIONS. ANNENBERG

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